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TOBACCO Situation

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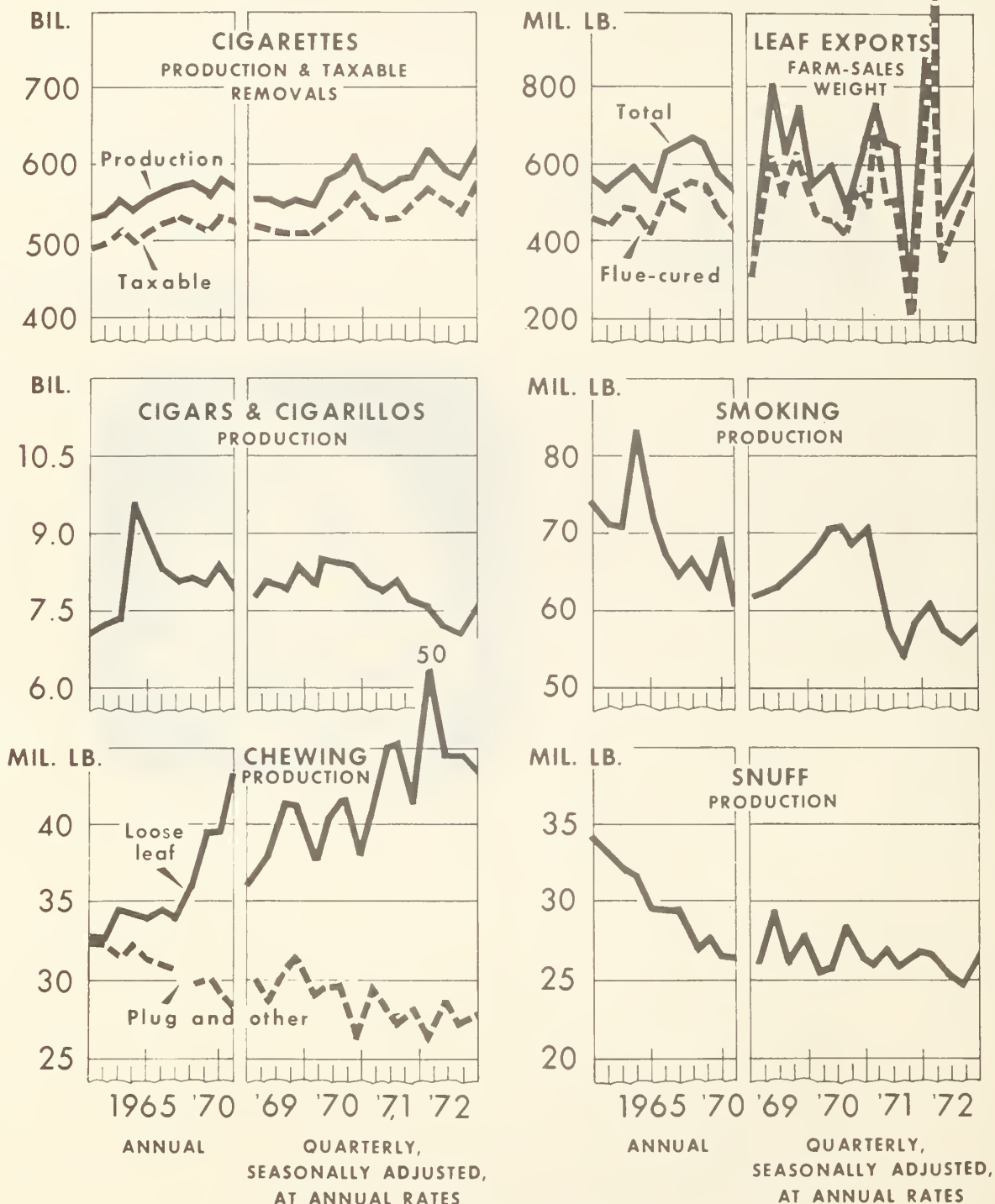
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TOBACCO OUTLETS

Recent Trends in Manufactured Products and Exports



THE TOBACCO SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
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The *Tobacco Situation* is published in March, June, September, and December.

SUMMARY

Tobacco use in the current marketing year is expected to stay about the same as the 1.9 billion pounds of last season, and exceed the 1972 crop of 1¾ billion. Thus, carryover at the close of the marketing year could decline slightly from the 3.5 billion pounds at the start.

Supplies are down 3 percent from last season because of reduced beginning stocks. However, the crop is turning out 2 percent above last year. While the flue-cured yield declined, favorable weather in the burley area brought a recovery from last year's short crop. Even though flue-cured prices fell sharply after mid-October, season averages reached record highs. The burley auction markets opened in late November and prices have held near the record high year-earlier levels. With a large crop, burley prices may go lower in early 1973.

Domestic use of tobacco this marketing year likely will total about the same as last year. The decline in leaf tobacco use per cigarette is being offset by the upswing in cigarette output. Because of higher U.S. tobacco prices and continued competition from cheaper overseas tobacco supplies, U.S. tobacco exports may decline from last season's total.

Again in 1972 cigarette manufacturers have made sizable unit sales gains. Also manufacturers have drawn less from cigarette inventories than they did in 1971, so U.S. cigarette output for calendar 1972 will set a record high, rising about 4 percent above 1971. In the year ahead, continued population and income gains will help to sustain rising cigarette output.

Summer and fall exports of U.S. unmanufactured tobacco followed the usual seasonal patterns, after a bunched movement of strike-delayed exports earlier in the year. The calendar year total will rise a fourth above 1971's 473 million pounds (524 million pounds, farm-sales weight).

The 1973 calendar year export total will be down and will do well to equal the 524 million-pound average (export weight) for the 10 years, 1962-1971. The export payment program for tobacco will be terminated effective with the 1973 crop. So far U.N. sanctions on Rhodesian trade are continuing to help U.S. exports. This year cigarette manufacturers in the United Kingdom have slowed the drawdown on stocks of U.S. leaf. The U.S. market share declined further through midyear but is now stabilizing. U.S. leaf use in West

Germany is steady. Japan indicates some increase in use this year.

For the 1972/73 marketing year (July-June) the flue-cured tobacco supply at 2.9 billion pounds is 4 percent below last year. Carryover was smaller and growers have sold 5 percent less. With buyer demand strong, grower prices have averaged a record-high 85.3 cents per pound. Carryover in mid-1973 is expected to decline from the 1.9 billion pounds of a year earlier.

To meet anticipated market requirements in the face of declining supplies, USDA raised the 1973 national marketing quota for flue-cured 10 percent above 1972. But the effective quota (reflecting adjustments for last season's marketing above and below quota) is about 1.2 billion pounds, 14 percent above 1972.

Burley tobacco supply for 1972/73 is 1.83 billion pounds, about the same as last year. Carryover on October 1, 1972 dropped. The 1972 burley crop, estimated at 581 million pounds, is one-fifth larger than 1971's weather-reduced output. Over 80 percent of the crop will be sold in the pre-Christmas sales period. Through December 11, sales averaged 79 cents per pound about the same as last year.

Current supplies of fire-cured and cigar binder types are larger than last season, while supplies of Maryland, dark air-cured, cigar filler and wrapper types are lower. Marketing quotas and acreage allotments for several kinds of tobacco will be announced by February 1. Afterwards, growers of fire-cured and dark air-cured types will vote in referendums concerning quotas on their next 3 crops.

TOBACCO PRODUCTS

More Cigarettes Smoked

Population and income gains are lifting domestic cigarette consumption nearly 3 percent above the 1971 level. About 426 billion cigarettes were smoked during January-September 1972, 2.2 percent above a year earlier. The rise in the third quarter was 1½ percent. Sizable consumption increases are expected in the fourth quarter. Domestic consumption (taxable removals) takes about 92 percent of cigarette output. The broadcast advertising ban continues without any noticeable effect on total sales. On the other hand, reduced U.S. troops overseas and a big surge of exports before the dock strike late in 1971 are holding this year's exports and shipments about in line with last year (table 1). With favorable economic prospects, above-average population increases for 25-to-44 year olds, and a low level of anti-cigarette announcements, domestic consumption next year may rise slightly from the 1972 level.

above those of a year ago. The October consumer price index for all items was up 3½ percent from a year earlier. Six States increased cigarette tax rates in 1972. This compares with gains for 15 States in 1971 and 9 States in 1970. By October the weighted average State cigarette tax was 12.0 cents per pack, up from 10.9 cents a year earlier.

U.S. cigarette exports to leading destinations, 1971-72

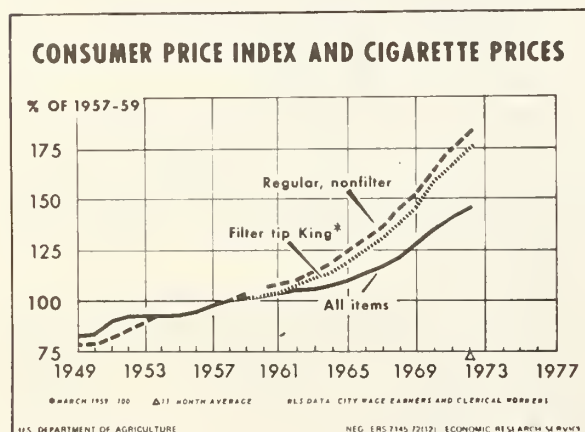
Country	1971	January-October	
		1971	1972 ¹
	Millions		
Hong Kong	3,824	3,212	3,556
Belgium Luxembourg .	2,729	2,405	2,352
Spain	2,391	2,356	2,285
Panama	1,602	1,464	1,487
Netherlands Antilles ...	1,530	1,327	1,616
Lebanon	1,510	1,492	1,618
Switzerland	1,209	1,164	858
Saudi Arabia	1,189	834	1,275
Ecuador	1,048	862	1,212
Kuwait	887	853	1,108
Japan	873	800	729
Other countries	12,010	11,748	9,942
Total	30,802	28,517	28,038

¹ Subject to revision.

Compiled from publications and records of the Bureau of the Census.

Cigar Volume Declines

Cigar consumption (large cigars, including cigarillos) in the third quarter slipped 8 percent below a year earlier, after running 6 percent below in the first and second quarters. Thus, the 1972 total will be considerably below a year earlier (table 2). U.S. smokers (including those overseas) smoked 5.5 billion cigars and cigarillos in January-September, 7 percent below a year



In the face of margin gains between wholesale and retail levels and higher State and local cigarette tax rates, retail cigarette prices have been averaging 4 percent

Table 1.--Cigarettes: Output, removals, and consumption, 1962-72

Year	Output	Removals					Total
		Taxable	Tax-exempt			U.S.	
			Total	Exports	Puerto Rico and U.S. possessions	Overseas forces 1/	consump- tion 2/
<u>Billions</u>							
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2
1968	579.5	523.0	53.8	26.5	4.7	22.7	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.2	532.8	51.2	29.2	3.7	18.4	3/536.4
1971	576.4	528.9	49.2	31.8	2.7	14.7	3/550.4
1972 4/	601.0	552.0	49.0	33.0	2.0	14.0	566.0

1/ Also includes ship stores and small tax-exempt categories. 2/ Taxable removals plus overseas forces. 3/ Includes estimated inventory changes. 4/ Estimated.

Compiled from reports of Internal Revenue Service and the Bureau of the Census.

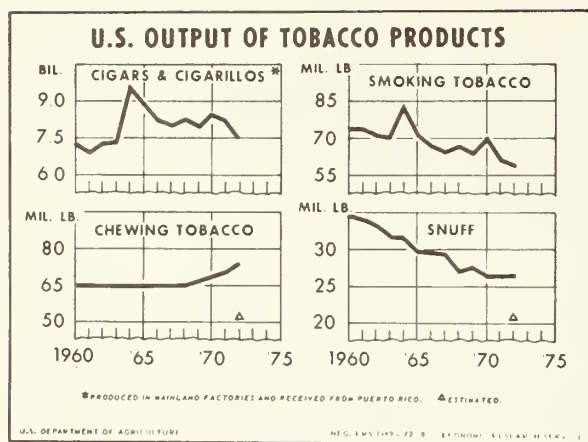
Table 2.--Cigars and smoking tobacco: Output, removals, and consumption, 1964-72

Year and item	United States factories			From	Imports	Exports	Total U.S. consumption
	Output	Removals		Puerto			
		Taxable	Tax- exempt	Rico taxable			
<hr/>							
	<u>Millions</u>						
<u>Large cigars 2/</u>							
1964	8,736	8,122	193	809	28	44	9,108
1965	7,899	7,578	180	913	25	55	8,641
1966	7,165	7,076	193	1,075	25	73	8,296
1967	6,858	6,846	197	1,099	30	76	8,096
1968	7,184	6,759	169	1,036	48	66	7,946
1969	6,931	6,739	169	1,080	45	65	7,968
1970	7,054	6,705	152	1,259	46	54	8,108
1971 3/	6,706	6,480	131	1,222	48	49	7,832
1972 4/	6,130	5,955	140	1,270	60	75	7,350
<hr/>							
	<u>Million pounds</u>						
<u>Smoking tobacco</u>							
1964	82.4	79.0	3.4	---	2.7	1.4	83.7
1965	71.8	67.3	3.0	---	2.1	1.0	71.4
1966	67.3	65.3	1.5	---	3.3	.9	69.2
1967	64.8	62.7	2.0	---	3.7	1.3	67.1
1968	66.3	64.1	1.9	---	5.5	1.8	69.7
1969	63.9	62.6	1.6	---	5.7	1.1	68.8
1970	69.4	65.6	1.5	---	8.4	.9	74.6
1971	60.5	61.3	1.4	---	8.4	1.2	69.9
1972 4/	57.5	57.0	1.4	---	12.0	1.4	68.0

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports.

2/ Includes cigarillos. 3/ Subject to revision. 4/ Estimated.

Compiled from reports of the Internal Revenue Service, Bureau of the Census, and Agricultural Marketing Services, USDA.



earlier. U.S. output for January-September was down 11 percent in part due to storm-related plant shutdowns in Pennsylvania. Also inventory reductions were indicated. Shipments from Puerto Rico remained the same. This year's smaller sales are mostly in the lower price categories (cigars retailing for 8 cents each or less). Since 1964, the overall consumption trend has been downward; this pattern may continue in 1973.

**Cigars: Taxable removals by revenue class,
January-September 1972**

Revenue class and retail price	Number	Change from 1971
	Billion	Percent
A-D (up to 8 cents)	3.42	-10.0
E (over 8 to 15 cents)	1.60	-2.2
F-G (over 15 cents)39	+2.7
Total removals	5.40	-7.0

For *small cigars*, (cigarette-size, not over 3 pounds per 1,000) the 1972 taxable removals may jump to a record high, about triple the 1.1 billion cigars in 1971. New brands began national or regional distribution in the second half of 1972. Retail prices are less than for cigarettes or for large cigars. Some of the gain in removals may have come from smokers switching from lower-priced large cigars (Class A-D).

Sales Decline for Other Products

Domestic use of *smoking tobacco*—including imports—through September totaled 49.7 million pounds, 5 percent below a year earlier. Imports were ahead but domestic pipe and roll-your-own categories were down.

Tobacco products: Output 1970-72

Item	1970	1971	1972 ¹
<i>Million pounds</i>			
Chewing tobacco			
Plug	22.0	20.6	19.8
Twist	2.4	2.4	2.3
Fine-cut	4.8	5.1	5.2
Scrap	39.5	43.2	45.7
Total	68.7	71.3	73.0
Snuff	26.5	26.4	26.0
Smoking tobacco in bulk (exports)	24.1	30.7	26.0
Small cigars	933	1,135	3,300

¹ Estimated.

Basic data compiled from reports of the Internal Revenue Service and Agricultural Marketing Service, USDA.

Declines in domestic tobacco sales are dropping 1972 smoking tobacco disappearance 2 percent below 1971. Following 1972's decline, output may change little in 1973.

Chewing tobacco output and sales declined in the third quarter, notwithstanding gains over last year in output of plug and sales of loose leaf. The 1972 chewing tobacco production may top last year's figure by 2 percent. The gain for loose leaf chewing tobacco is 6 percent; plug tobacco is down 4 percent. Snuff sales dropped in the third quarter and production for all of 1972 is estimated slightly below 1971.

**U.S. bulk smoking tobacco exports to leading destinations
1971, January-October 1971-72**

Country	1971	January-October	
		1971	1972 ¹
		Million pounds	
Italy	2.1	2.1	0.8
Dominican Republic	2.5	1.7	1.5
Switzerland	6.2	6.2	4.7
Netherlands	6.9	7.1	7.4
Spain	2.1	2.1	1.9
Peru	1.4	1.2	.7
Ecuador	1.1	1.1	.7
Bolivia6	.5	.3
Australia	2.0	2.2	1.1
Other countries	5.8	5.3	4.0
Total	30.7	29.5	23.9

¹ Subject to revision.

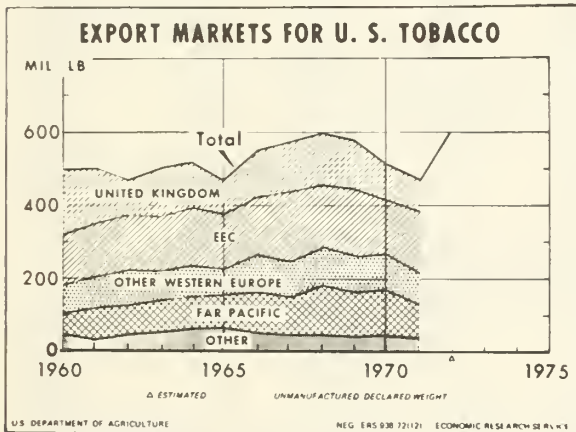
Compiled from publications and records of the Bureau of the Census.

U.S. EXPORTS AND IMPORTS

Calendar Year Leaf Exports High

Exports of unmanufactured tobacco through October this year ran substantially above a year earlier (19 percent by weight, 27 percent by value). Shipments delayed from last year's dock strike boosted first half 1972 shipments. Exports in the second half are following more normal seasonal patterns. So the 1972 total is expected to rise one-fourth above last year's 473 million pounds (524 million pounds, farm-sales weight). The 1973 calendar year export total will be down and will do well to equal the 524-million pound average (export weight) for 1962-71. Enactment of ordinances and legislation in West Germany that would establish pesticide residue tolerances have apparently been delayed.

For January-October 1972 an increase in exports of flue-cured—the principal export class—accounted for most of this year's gain. Burley, Maryland, Black Fat, and cigar leaf shipments also advanced. Those of fire-cured and dark air-cured declined (tables 3 and 4). Among major markets, the United Kingdom and Japan took more. The European Community and South Vietnam reduced takings. Despite rising cigarette sales, manufacturers in those 2 areas reduced their inventories of U.S. leaf. U.S. exports have increased to other major destinations. Japan has purchased about the same leaf volume at U.S. auctions. Japanese cigarettes containing high proportions of U.S. leaf have continued to sell well.



Export Payments to Terminate

The Department announced on November 29 that the export payment program for tobacco will be terminated effective with the 1973 crop. However, under terms of the program, exporters may enter into contracts with the Commodity Credit Corporation for 90 days following the formal termination notice (next spring) to export with payment within 48 months specified quantities of tobacco from 1972 and older crops.

The export payment program was started in 1966 when there was a substantial surplus of tobacco with more than a billion pounds under government loan. The program aimed to make U.S. tobacco more competitive. Since both the surplus and the quantities under loan have been substantially reduced, one of the primary purposes of the export payment program has been attained. Since the program began the export payment rate for most tobacco was 5 cents per pound, unstemmed equivalent.

Import Pattern Mixed

Through August this year, U.S. tobacco imports for consumption (duty paid imports) continued to rise above a year earlier. September imports were below the unusually high level in September 1971. Last year, manufacturers withdrew tobacco from bonded warehouses before the 10 percent import surcharge became effective. Cigarette tobacco imports for consumption are down reflecting a working off of stocks. But with higher cigarette output this year, factory use of imports is expected to increase. Use in 1973 may increase further as manufacturers step up use of oriental leaf. The decline in imported cigar tobacco reflects both stock reductions and lower cigar output (table 5).

January-October 1972 general imports of tobacco (arrivals, i.e., direct entries plus that placed in bonded warehouses for later factory use) were substantially above the year-earlier level. In the cigarette leaf tobacco category, both oriental and flue-cured and burley registered sizable gains. Despite declines from the Philippines, total cigar tobacco arrivals also increased.

With rising imports and relatively stable utilization, U.S. stocks of foreign-grown cigarette and smoking tobacco on October 1, 1972, totaled 390 million pounds (farm-sales weight). This was 6 percent above a year earlier and only 3 percent below the record high 2 years earlier.

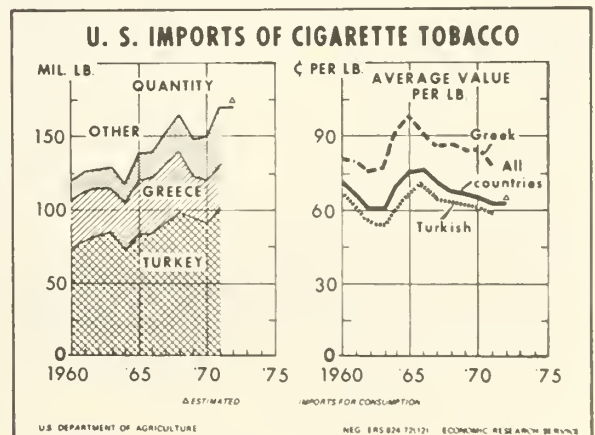


Table 3.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)								
Country and type	:	:	:	:	: January-October :		1972 as a percentage of 1971	
	:	Average :	1969 :	1970 :	1971 :	1971 :		1972 :
	:	1964-68 :	:	:	1/ :	1/ :		1/ :
	:	Million pounds				Percent		
Flue-cured	:	408.0	429.6	368.2	341.8	295.9	341.9	116
Burley	:	46.4	52.0	41.4	36.5	35.1	46.1	131
Maryland	:	12.4	10.4	11.8	9.0	8.4	9.2	110
Fire- and sun-cured	:	25.6	25.5	24.2	22.5	21.3	19.5	92
Green River	:	.7	.4	.3	.4	.4	.2	50
One Sucker	:	.8	.4	.5	.6	.5	.2	40
Black Fat, etc.	:	3.5	1.1	2.7	2.5	2.0	2.7	135
Cigar wrapper	:	4.4	2.2	1.6	2.5	2.3	2.5	109
Cigar binder	:	2.0	.9	.3	.1	.1	.1	100
Cigar filler	:	.9	.6	.4	.3	.2	.3	150
Perique	:	.3	.1	.2	.1	.1	.2	200
Stems, trimmings, and scrap	:	35.6	54.1	58.8	57.0	45.0	64.4	143
Total	:	540.8	577.5	510.4	473.3	411.3	487.5	119
Country of destination	:							
United Kingdom	:	126.4	134.2	95.5	89.8	59.3	85.2	144
France	:	6.9	8.6	9.0	10.1	7.5	6.7	89
Belgium	:	18.3	17.4	12.4	15.6	14.2	9.8	69
Netherlands	:	36.7	33.6	26.6	28.1	26.4	18.3	69
West Germany	:	93.6	102.2	92.6	100.0	97.5	90.0	92
Portugal	:	5.1	6.3	4.9	2.7	2.7	1.8	67
Denmark	:	16.2	19.1	18.1	16.7	14.2	18.4	130
Ireland	:	12.9	10.5	10.2	9.0	8.4	11.8	140
Switzerland	:	18.1	26.4	24.7	18.2	17.6	19.9	113
Finland	:	5.6	5.9	5.0	4.8	4.2	4.9	117
Norway	:	8.1	7.2	8.1	4.3	3.8	5.4	142
Sweden	:	17.1	13.9	19.5	14.7	14.0	17.6	126
Italy	:	6.7	19.5	3.1	16.4	16.4	23.1	141
Spain	:	4.2	4.1	3.0	5.2	5.2	4.6	88
Thailand	:	18.5	24.3	20.1	18.9	18.9	23.8	126
S. Vietnam	:	10.6	10.8	10.8	17.2	16.6	14.3	86
Malaysia 2/	:	8.0	10.9	11.8	11.0	10.2	6.8	67
Hong Kong	:	6.4	4.2	4.3	2.7	2.5	3.0	120
Japan	:	37.9	40.9	58.6	18.6	9.6	54.5	3/
Australia	:	16.7	20.2	10.2	10.9	8.0	9.7	121
New Zealand	:	4.4	2.5	5.0	3.8	3.6	3.6	100
Egypt	:	9.5	2.6	.6	1.2	1.2	.9	75
Other countries	:	52.7	52.2	56.3	53.5	49.4	53.2	108
Total	:	540.8	577.5	510.4	473.3	411.3	487.5	119

1/ Preliminary.

2/ Malaysia and Singapore.

3/ January-October 1972 exports were large due to the 1971 dock strike.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 4.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1969/70-1971/72 ^{1/}

(Declared weight)									
Importing countries	1969- 1970	1970- 1971	1971- 1972 2/	Importing countries	1969- 1970	1970- 1971	1971- 1972 2/		
Million pounds				Thousand pounds					
Flue-cured, types 11-14				Va. fire and sun-cured, 21 and 37					
United Kingdom	111.3	95.1	67.9	Sweden	399	626	449		
West Germany	67.8	89.0	73.2	Norway	2,069	2,105	1,683		
Japan	39.1	41.2	45.0	Other countries	1,856	1,235	864		
Netherlands	17.9	15.6	12.8	Total	4,324	3,966	2,996		
Thailand	18.0	21.4	19.8						
Australia	16.5	10.4	9.8						
Italy	11.5	9.8	13.8						
Sweden	6.9	9.8	8.0						
Norway	5.4	2.9	3.0	Belgium	226	216	0		
Finland	2.5	3.8	3.2	New Guinea	83	135	0		
Denmark	13.7	11.2	13.4	Other countries	272	291	217		
Ireland	10.2	9.3	7.7	Total	581	642	217		
Belgium	9.8	11.0	7.9						
Switzerland	11.9	9.0	6.0						
S. Vietnam	5.9	11.9	13.8						
France	2.9	3.6	1.5						
Spain	3.0	5.1	4.2	United Kingdom	95	108	80		
Malaysia and Singapore	8.7	8.7	7.8	West Germany	0	118	0		
Taiwan	10.5	9.5	13.3	Congo (Kinshasa)	196	74	40		
New Zealand	3.0	3.7	2.8	Other countries	37	123	108		
Other countries	37.5	32.6	31.8	Total	328	423	228		
Total	414.1	414.5	366.7						
Burley, type 31				Cigar Filler, types 41-44					
Italy	6.5	5.4	9.2	France	370	90	280		
Sweden	2.0	4.9	2.0	New Zealand	27	86	55		
Denmark	3.8	2.4	2.2	Other countries	170	24	1		
Netherlands	.8	1.4	.6	Total	567	200	336		
France	1.1	1.3	.3						
West Germany	10.2	12.7	10.1						
Switzerland	5.3	2.8	1.9						
Finland	1.0	1.2	1.0						
Thailand	3.7	1.8	3.8	West Germany	129	88	27		
Philippine Republic	3.9	1.9	3.6	Canada	3	32	29		
Other countries	9.3	8.3	8.7	Canary Islands	59	22	0		
Total	47.7	44.1	43.3	Other countries	61	102	29		
Maryland, type 32				Total	252	244	85		
Belgium	1.4	1.5	1.0						
West Germany	2.0	1.7	1.8						
Switzerland	7.2	6.9	4.2	Netherlands	38	56	0		
Other countries	1.2	1.3	.7	Other countries	3/192	6	1		
Total	11.7	11.4	7.7	Total	230	62	1		
Ky.-Tenn. fire-cured, 22-23				Cigar Wrapper, types 61-62					
Sweden	.2	.2	.6	Canada	368	441	323		
Netherlands	10.6	12.5	6.0	United Kingdom	44	248	1,195		
Belgium	1.2	1.5	.4	West Germany	478	374	648		
France	2.4	2.8	3.5	Australia	34	68	47		
Switzerland	1.3	.9	.9	Canary Islands	161	80	107		
Other countries	5.4	6.7	4.2	Other countries	590	461	738		
Total	21.2	24.6	15.8	Total	1,675	1,672	3,058		
Stems, Trimmings, and Scrap				Black Fat					
Sweden	8.1	5.2	6.5	Cameroon	498	510	50		
Denmark	3.5	3.3	3.4	Bahamas	27	47	40		
United Kingdom	12.4	14.8	17.9	Togo	521	457	499		
West Germany	5.4	6.8	6.4	Nigeria	210	575	253		
Other countries	26.5	39.3	34.1	Western Africa, n.e.c.	1,020	914	1,437		
Total	55.8	69.4	68.3	Other countries	256	137	76		
				Total	2,532	2,640	2,855		

^{1/} July-June crop year for flue-cured and cigar wrapper; October-September for all other types. ^{2/} Subject to revision. ^{3/} Includes Spain, 191,000 pounds. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 5.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1971 and January-October 1971-72 ^{1/}

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	Total 1971	January-October			Total 1971	January-October		
		1971	1972	: 1972 as a : percentage : of 1971		1971	1972	: 1972 as a : percentage : of 1971
	Million pounds		Percent		Million pounds		Percent	
Cigarette tobacco:								
Leaf, unstemmed								
Oriental								
Turkey	101.5	88.9	82.0	92	68.9	68.9	116.0	168
Greece	29.1	24.9	25.9	104	18.3	17.0	21.9	129
Yugoslavia	21.7	19.6	12.9	66	12.9	12.4	8.8	71
Other countries	11.7	9.7	15.2	157	12.3	10.6	19.8	187
Flue-cured and burley	4.4	3.8	5.8	153	9.9	8.4	23.3	277
Subtotal	168.3	146.8	141.7	97	122.2	117.3	189.8	162
Scrap								
Turkey	10.1	8.4	8.8	105	2.7	2.7	10.7	396
Other countries 2/	8.1	7.4	2.1	28	3.5	2.9	5.9	203
Total	186.5	162.6	152.6	94	128.4	122.9	206.4	168
Cigar tobacco:								
Wrapper	1.0	.8	.8	100	1.2	1.0	1.4	140
Filler--stemmed and unstemmed								
Dominican Republic	1.3	1.3	1.6	123	9.9	8.1	8.2	101
Other countries	5.1	4.5	7.6	169	25.7	24.7	29.2	118
Subtotal	6.4	5.8	9.2	159	35.6	32.8	37.4	114
Scrap								
Philippine Republic	27.2	25.4	15.7	62	15.3	14.9	12.9	87
Colombia	4.6	3.8	4.8	126	1.0	1.0	2.4	240
Dominican Republic	6.5	5.6	4.9	88	1.2	1.1	1.3	118
Brazil	4.1	3.0	3.7	123	.9	.5	1.2	240
Other countries	11.6	9.8	9.4	96	3.5	3.3	10.3	312
Subtotal	53.9	47.7	38.5	81	22.0	20.8	28.1	135
Total	61.3	54.3	48.5	89	58.8	54.7	66.9	122
Stems	.8	.4	2.7	3/	.4	.1	1.5	3/
Grand total	248.5	217.4	203.8	94	187.6	177.7	274.8	155

^{1/} Preliminary.

^{2/} Canada, Greece, Cyprus, Lebanon, India, Korea.

^{3/} 1972 imports include 923,000 pounds from Canada for processing into sheet and reexport. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

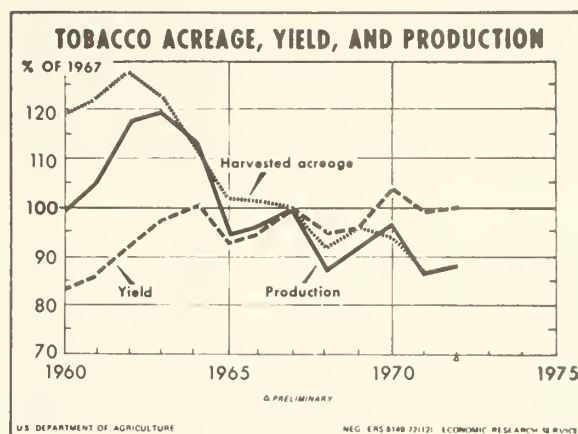
TOBACCO LEAF SITUATION AND OUTLOOK¹

1972 Crop Highlights

The U.S. tobacco crop now being sold is about 2 percent larger than last year. It about equals that forecast earlier in the season. Prospects for flue-cured decreased as the season progressed but burley improved. Burley output was up with the return of more favorable curing weather. The all-tobacco yield averaged 2,056 pounds per acre this season, compared with 2,034 pounds last season and the 1966-70 average of 2,002 pounds. Acres harvested totaled 846,750 or 1 percent above last year.

Increased crop size is offset by smaller carryover of most tobacco types, so reduced supplies are available for the 1972/73 marketing year. Prices for the season will likely average 5 percent above 1971/72 to a record high. With the brisk demand, volume of tobacco placed under loan this season is turning out the smallest since World War II.

Farmers' cash receipts from tobacco in calendar 1972 are totaling 8 percent above the \$1.33 billion in 1971.



Volume is up with the larger burley crop and flue-cured tobacco has made a sharp price rise. A larger sales volume is expected in 1973, and support levels for the 1973 crop will rise.

U.S. tobacco: Acreage and yield, 1970-72

Type	Acreage				Yield per acre			
	1970	1971	1972 ¹	Change from 1971	1970	1971	1972 ¹	Change from 1971
	1,000 acres	1,000 acres	1,000 acres	Percent	Pounds	Pounds	Pounds	Percent
Flue-cured								
11—Old and Middle Belt, VA.—N.C.	201.0	189.4	187.5	-1.0	1,845	1,876	1,735	-7.5
12—Eastern N.C.	187.0	159.0	157.0	-1.3	2,235	2,230	2,100	-5.8
13—S.C.—Border N.C.	117.3	107.0	106.0	-.9	2,103	2,158	2,100	-2.7
14—Georgia—Florida	78.8	70.4	68.1	-3.3	1,999	1,947	1,954	.4
Total, types 11-14	584.1	525.8	518.6	-1.4	2,042	2,050	1,949	-4.9
Burley, type 31	216.4	213.5	228.5	10.7	2,590	2,213	2,541	11.5
Total, all types 11-72	899.3	839.2	846.8	.9	2,121	2,034	2,056	1.1

¹ November 1 indications; burley is December 1.

QUOTAS, ALLOTMENTS, AND PRICE SUPPORT

1973 Marketing Quotas and Allotments

The 1973 national quota for flue-cured tobacco is 10 percent larger. Individual farm quotas are adjusted for over or undermarketings in 1972. By February 1, USDA will announce the 1973 poundage quota for burley and acreage allotments for several other kinds of tobacco. Shortly after the announcement, growers of fire-cured

and dark air-cured types will vote in referendums for or against acreage allotments on their next 3 crops. If at least two-thirds of the voters approve, marketing quotas will stay in effect with price support.

For flue-cured, burley, cigar binder, and Ohio filler types, growers approved marketing quotas applicable to the 1973 crop in previous referendums. Government price support is not available for Maryland and Pennsylvania tobacco crops because growers had turned down marketing quotas.

¹ All quantities in this section are stated in farm sales weight equivalent unless otherwise noted.

1973 Price Support Levels

Price supports for eligible 1973 tobacco crops are expected to rise 5 percent above the 1972 price support level—some 38 percent above the 1959 level. As required by law, the 1973 price support adjustment will be based on the average of the parity index in 1970, 1971, and 1972 compared with 1959. As in past years, USDA probably will announce average support levels by types in the spring and individual grade loan rates later.

FLUE-CURED

With both carryover and current crop reduced, the flue-cured supply for 1972/73 is 4 percent below last season. Both exports and domestic disappearance probably will decline, but the total is expected to exceed the 1972 crop. So look for the carryover by next July to decline further. For next season's crop, the poundage quota goes up 10 percent. With this past season's undermarketings exceeding overmarketings, next season's effective quota goes up 14 percent. A crop near this level, added to carryover, would provide a supply next season about the same as 1972/73 (table 6).

1972 Auction Prices Record High

The 1972 flue-cured crop brought record prices, breaking 1971's previous record. Sales volume was down, but crop value increased. Industry takings from both the crop and loan holding were heavy. Government loan placements dipped sharply with the smaller crop.

The 1972 flue-cured auction season ended November 15, the shortest season on record. About seven-eighths of the crop had been sold by October 12. Prices held up well through that date, but then dropped to near the

loan level. Apparently some buyers felt in early season that the production forecast was considerably overestimated, so they concentrated purchases, pushing the average weekly sales price to 87.3 cents per pound before the October price break. The season average price for gross sales (including resales) was 85.3 cents per pound—up 8.1 cents from last year's average. In all belts, the average gained, ranging from 5.1 cents in type 11a to 9.6 cents in type 13 (table 7).

Producers' sales (allowing for resales and duplicate sales) were below the average of the previous 7 years under the acreage-poundage program. Auction sales totaled 1,020 million pounds—about 53 million less than in 1971. The crop consisted of a larger proportion of better grades. Color improved. Maturity was the best in several years except in the Middle and Old Belts. Sales included about 15 million pounds of 1971 crop carried over on farms. Farm carryover for sale next season is believed to be negligible.

Growers placed 2 percent of sales under government loan this season. Most of the loan receipts came in the last month of auctions, but loan volume was still the lowest since World War II. Flue-cured Stabilization Cooperative, the association handling tobacco under loan, sold 195 million pounds during July-November, a record sale for the period. This tobacco is expected to move into trade channels by mid-1972 and reduce loan stocks at the beginning of 1973/74 about one-third below the 618 million pounds held last July 1.

Marketing Conditions Favorable

Again this season the voluntary Flue-cured Tobacco Marketing Committee recommended opening dates and

Table 6.—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-73

Year	Quota		Marketings				Net carryover ²
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under-quota ¹	
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Flue-cured, types 11-14							
1965	1,126.0	1,124.4	1,055.5	27.1	96.0	96.0	68.8
1966	1,126.0	1,199.0	1,107.9	35.0	126.1	126.1	91.1
1967	1,126.0	1,202.4	1,247.5	77.9	32.8	30.8	-47.1
1968	1,125.5	1,067.9	996.3	26.5	98.1	96.6	70.0
1969	1,127.1	1,187.0	1,052.1	26.6	161.5	157.9	131.3
1970	1,071.0	1,190.8	1,178.2	65.1	77.6	71.2	6.1
1971	1,071.4	1,069.9	1,076.3	60.4	53.9	49.9	-10.5
1972 ³	1,071.2	1,059.5	1,021.7		⁴ 37.8		34.3
1973	1,178.4	⁵ 1,212.8					
Burley, type 31							
1971	555.1	552.9	471.5	9.7	91.2	91.1	81.4
1972	531.5	⁵ 612.9					

¹ Under quota marketings less ineligible carryover. ² Effective under quota marketings less over quota marketings.

³ Subject to revision. ⁴ Overmarketings minus undermarketings.

⁵ Preliminary.

Compiled from records of Tobacco Division, ASCS.

Table 7.--Flue-cured tobacco: Gross sales (including resales) average price and loan receipts by Belt, 1967-72

Marketing season	Old Belt type 11 (a)	Middle Belt type 11 (b)	Eastern N. C. Belt type 12	N.C. Border and S.C. Belt type 13	Ga.-Fla. Belt type 14	All Belts
<u>Million pounds</u>						
1967	260	152	359	322	224	1,317
1968	202	110	295	268	164	1,039
1969	235	116	321	266	157	1,096
1970	230	130	367	295	201	1,224
1971	217	117	323	268	182	1,107
1972 <u>1/</u>	200	109	323	249	165	1,047
<u>Average price per pound</u>						
<u>Cents</u>						
1967	61.9	62.7	64.7	65.0	65.6	64.1
1968	64.8	64.0	67.5	66.8	68.3	66.5
1969	71.3	71.4	72.3	72.6	73.3	72.2
1970	70.1	70.0	72.7	71.7	74.3	71.9
1971	77.4	77.2	78.4	75.7	76.8	77.2
1972 <u>1/</u>	82.4	84.8	87.3	85.3	85.5	85.3
<u>Receipts under Government loan</u>						
<u>Million pounds</u>						
1967	84.5	49.7	79.8	57.2	11.0	282.1
1968	36.0	26.9	24.3	29.5	12.0	128.8
1969	24.2	14.9	37.3	13.3	8.0	97.6
1970	29.7	19.8	43.3	28.8	22.7	144.2
1971	9.1	5.4	19.2	15.5	6.4	55.7
1972 <u>1/</u>	11.4	3.1	8.2	1.1	.4	24.3
<u>Percentage of net sales under Government loan</u>						
<u>Percent</u>						
1967	34.1	34.2	23.0	19.0	5.3	22.6
1968	18.8	25.3	8.5	11.5	7.8	12.9
1969	10.8	13.4	11.9	5.2	5.4	9.3
1970	13.4	15.8	12.1	10.2	11.9	12.2
1971	4.3	4.8	6.1	6.0	3.7	5.2
1972 <u>1/</u>	6.0	3.0	2.6	.5	.3	2.4

1/ Preliminary.

Table 8.—Flue cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield production, carryover, supply, disappearance, season average price, and price support operations, 1962-72

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks ¹			Total supply
				Manufacturers and other	Unuer loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Flue-cured, types 11-14							
1962	729.8	1,930	1,408.4	1,704.1	377.0	2,081.1	3,489.5
1963	694.5	1,975	1,371.5	1,785.3	496.3	2,281.6	3,653.1
1964	627.6	2,211	1,387.8	1,689.5	696.9	2,386.4	3,774.2
1965	562.3	1,883	1,059.0	1,636.9	918.5	2,555.4	3,614.4
1966	607.0	1,825	1,107.9	1,602.5	836.4	2,438.9	3,546.8
1967	610.3	2,070	² 1,250.0	1,587.1	685.4	2,272.5	3,522.5
1968	533.0	1,841	² 995.6	1,528.1	773.4	2,301.5	3,297.1
1969	576.8	1,825	² 1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970	584.1	2,042	² 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971	525.8	2,050	² 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972 ³	518.6	1,949	² 1,021.7	1,292.4	617.8	1,910.2	2,931.9
1973 ⁴				1,436.9	370.0	1,806.9	
Burley, type 31							
1962	338.6	1,993	674.9	1,104.2	33.2	1,137.4	1,812.3
1963	338.5	2,231	755.1	1,133.5	94.4	1,227.9	1,983.0
1964	306.6	2,022	619.8	1,146.8	265.4	1,412.2	2,032.0
1965	277.1	2,116	586.3	1,099.3	316.4	1,415.7	2,002.0
1966	240.7	2,437	586.7	1,133.4	261.9	1,395.3	1,982.0
1967	237.7	2,274	540.6	1,104.8	276.7	1,381.5	1,922.1
1968	237.6	2,372	563.4	1,002.4	321.7	1,324.1	1,887.5
1969	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971	213.5	2,213	472.6	882.4	468.4	1,345.8	1,818.4
1972 ³	228.5	2,541	580.7	920.9	327.6	1,248.5	1,829.2
1973 ⁴				969.2	280.0	1,249.2	
Disappearance			Average price per pound	Price support level	Placed under Government loan		
Total	Domestic	Exports			Quantity	Percentage of crop	
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Cents</i>	<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>
Flue-cured, types 11-14							
1962	1,207.9	777.0	430.9	60.1	56.1	237.2	16.8
1963	1,266.7	768.3	498.4	58.0	56.6	277.2	20.2
1964	1,218.8	774.7	444.1	58.5	57.2	285.6	20.7
1965	1,175.5	752.4	423.1	64.6	57.7	71.5	6.8
1966	1,274.3	687.2	587.1	66.9	58.8	74.6	6.8
1967	1,221.0	687.7	533.3	64.2	59.9	282.1	22.6
1968	1,197.0	671.7	525.3	66.6	61.6	128.8	12.9
1969	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972	⁴ 1,125.0	⁴ 655.0	⁴ 470.0	² 85.3	72.7	⁴ 24.3	2.4
Burley, type 31							
1962	584.4	530.9	53.5	58.6	57.8	63.5	9.4
1963	570.8	513.4	57.4	59.2	58.3	202.3	26.8
1964	616.3	560.6	55.7	60.3	58.9	110.4	17.8
1965	606.7	549.6	57.1	67.0	59.5	42.2	7.2
1966	600.5	544.1	56.4	66.9	60.6	62.5	10.6
1967	598.0	544.6	53.4	71.8	61.8	64.2	11.9
1968	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	569.9	515.2	54.7	80.9	71.5	.2	(⁵)
1972	⁴ 580.0	⁴ 528.0	⁴ 52.0	79.2	74.9	⁶ 22.2	⁶ 4.8

¹ July for flue-cured; October 1, for burley. ² Sales. ³ Subject to revision. ⁴ Estimated. ⁵ Less than .05 percent. ⁶ Through December 15.

set selling times. Weekly marketings were held below last season and aligned closely with redrying plant capacity. Growers sold about 8 percent of their crop outside the State where produced. Booking of warehouse space and scheduling of deliveries helped to reduce long waiting periods for growers. Resales have declined for several years and were the lightest on record, averaging 2.6 percent of gross sales.

Virtually all tobacco was sold in untied form (loose leaf). Growers operated a number of mechanical harvestors this season and sold the tobacco, apparently successfully, on the auction markets.

Exports Pick Up

Flue-cured exports for July-October 1972 were about one-fifth above a year earlier, but only slightly above the comparable period in 1970. October 1971 exports were sharply reduced due to a dock strike. A leading destination, the United Kingdom, has registered a sizable increase this year from the relatively low level of a year earlier. Last year, U.K. manufacturers held back waiting for some lower price Rhodesian tobacco. The U.K. and Rhodesia were unable to settle their political dispute, so the U.K. has fallen back on U.S. supplies. West Germany and Thailand have taken about the same amount. For the rest of the season, our higher prices and reduced supplies are expected to limit exports. So the season's total by June may run a little below last season's 480 million pounds.

U.S. flue-cured to principal countries, 1970-72

(export weight)

Country	July-October		
	1970	1971	1972
	<i>Million pounds</i>		
United Kingdom	31	12	35
West Germany	27	29	27
Japan	4	5	6
Netherlands	7	6	4
Ireland	3	1	3
Thailand	8	11	11
Australia	4	3	3
Belgium	3	4	4
Denmark	3	3	4
Switzerland	4	2	3
Sweden	7	5	5
South Vietnam	3	5	2
Others	20	21	21
Total*	124	107	128

*Based on unrounded data.

percent below 1971's outturn. Harvested acreage in 1972 decreased 1 percent and the average yield per acre decreased 5 percent.

Disappearance this season may fall short of last season's level. October 1 stocks data indicate the reported 663 million pounds domestic disappearance for 1971/72 was probably above actual use. Still, with the smaller crop, July carryover may fall some 100 million pounds below last July.

1973 Quota Raised

USDA announced on November 29 next year's flue-cured quota at 1,179 million pounds, 10 percent larger than 1972. The basic quota had been held below utilization since the beginning of the acreage-poundage program in 1965. But with the surplus reduced, the increase is needed to meet anticipated market requirements.

Acreage allotments and poundage quotas for individual farms will reflect 1972 undermarketings, overmarketings, and other required adjustments. Aggregate marketings this past season were 4 percent below the effective quota. This difference represents about the average shortfall since the acreage-poundage program began in 1965. The base quota plus net undermarketings gives an effective 1973 quota of 1,213 million pounds, about 14 percent above 1972. A crop at this level added to prospective carryover would provide a 1973/74 supply about the same as this year's.

Tobacco loan stocks, 1970-72

(Farm-sales weight)

Type	End of November		
	1970	1971	1972
	<i>Million pounds</i>		
Flue-cured, 11-14	862.8	799.4	531.0
Uncommitted	684.8	603.1	372.7
Burley, 31	466.6	466.9	316.6
Uncommitted	462.4	426.7	259.9
Virginia, 21	1.4	.9	(¹)
Kentucky-Tennessee, 22-23 ..	10.1	5.1	.8
Kentucky-Tennessee, 35-36 ..	18.5	14.7	13.1
Ohio, 42-44	(¹)	0	0
Puerto Rican, 46	5.6	2.5	0
Connecticut Valley, 51-52 ...	2.0	1.9	2.0
Total	1,367.0	1,291.4	863.5

¹ Negligible.

Compiled from records of Tobacco Division, ASCS.

Supplies Declining Again in 1972/73

With both carryover and current crop smaller, the flue-cured season's supply of 2,932 million pounds is about 4 percent below last year and 22 percent below the 1964/65 record (table 8). The 1972 crop was 5

Auction Prices Close to 1971 Record

Auction sales of the 1972 burley crop began November 20 and closed December 15 for the holidays. Gross sales totaled 490 million pounds and averaged 79

BURLEY

cents a pound, about the same as the record high price in the comparable period last year. Growers sold about 80 percent of the crop in the pre-Christmas sales, compared with 81½ percent last season. Sales resume on January 4.

Prices this season opened slightly above record opening week levels in 1971. But prices did not advance as happened last season. Quality is slightly higher, but the share of mixed grades is expected to rise above last season's 14 percent. Better grades are selling 1 to 5 cents per pound above support levels and about the same as last year.

Grade loan rates range from 51 to 82 cents a pound, with an average support level of 74.9 cents. USDA increased grade prices from 2 to 7 cents per pound over 1971. Through December 15, the 2 burley cooperatives took under government loan 22 million pounds, or 5 percent of market deliveries. In the comparable period last season, virtually none of the sales went under loan.

1971/72 Disappearance Higher

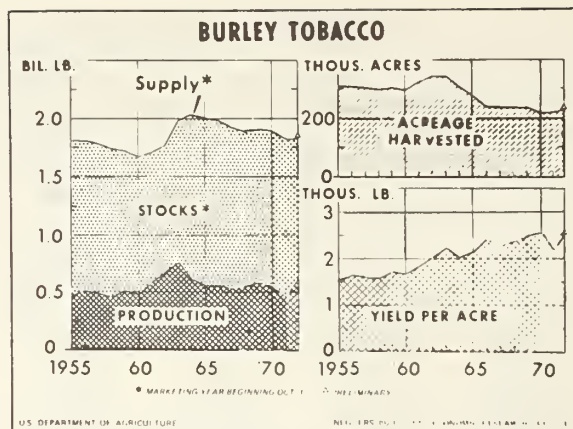
During the year ended September 30, 1972, burley disappearance totaled 570 million pounds, 2 percent above the previous year. Both domestic use and exports increased. The 2 percent increase in domestic burley use compares with a gain of 3 percent for cigarette manufacture, the principal outlet for burley. During the same period, packaged smoking tobacco output fell 2 million pounds and bulk smoking tobacco exports declined after last year's gain. Despite a moderate downtrend in burley tobacco use per cigarette, slightly increased cigarette production in 1972/73 would point to another small gain in domestic burley disappearance.

Burley exports for the crop year ended September 30, 1972, were slightly above last year. Volume totaled 55 million pounds. Italy, our second leading foreign burley market, increased takings 3.8 million pounds, and several other burley destinations also took more. In West Germany, our leading market, takings declined by 2.6 million pounds.

Supplies Unchanged

This season's burley supply of 1,829 million pounds is about the same as last season but 10 percent below the 1964/65 peak (table 8). The 1972 crop, estimated December 1 at 581 million pounds, was 23 percent above last year's short and houseburned crop. The gain reflects 1971's undermarketings when growers were shifting to farm poundage quotas coupled with unfavorable weather conditions during growing and curing. Effective farm poundage quotas totaled 612 million pounds—57 million above last year's quota. Harvested acreage increased 7 percent from last year and estimated yield rose 15 percent.

Burley carryover on October 1 was down 7 percent from a year earlier. Carryover under government loan was down 29 percent to 328 million pounds. From October 1 through November 30 the loan cooperatives



sold 53 million pounds. So with a low loan take this season, next year's loan carryover will drop again.

At 3.1 times probable disappearance, the 1972/73 supply is down slightly from last season. Based on the legislative formula, the desirable ratio is 2.8. Carryover next October 1 may decline slightly.

The 1973 burley outlook partially hinges on allotment decisions USDA makes by February 1. Burley poundage legislation requires that the national quota be not less than 95 percent of estimated disappearance for that marketing year. For 1972/73 the basic allotment of 532 million pounds was set at the minimum 95 percent of estimated disappearance of 560 million pounds. By contrast, disappearance in 1971/72 totaled 570 million pounds, 2 percent above the previous year. A further gain is indicated for 1972/73. If this pattern continues, USDA likely will have to raise the burley quota. As occurred this year, individual farm quotas are adjusted for previous year's overmarketings and undermarketings.

MARYLAND

1971/72 Disappearance Slipped

During the year ended September 30, 1972, disappearance of Maryland tobacco was 25½ million pounds. This was 14 million below the previous year and the lowest since the early 1930's (table 9). The 1972 crop output declined.

Domestic use of Maryland tobacco at 17½ million pounds fell 10 million below last year. As supplies have declined, manufacturers have reduced the amount of Maryland tobacco in cigarette blends. Domestic use in the current marketing year may be near the past year's level.

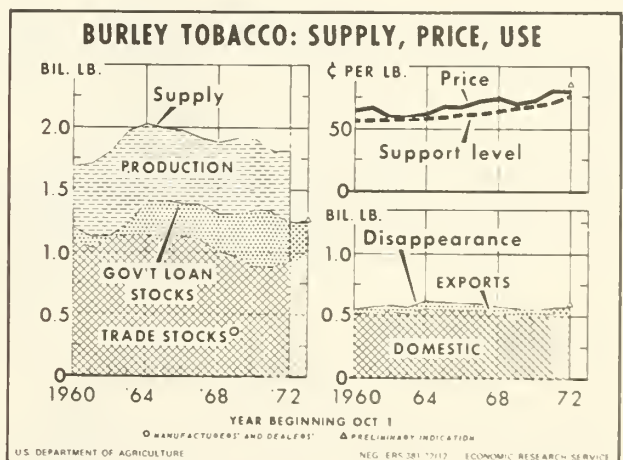
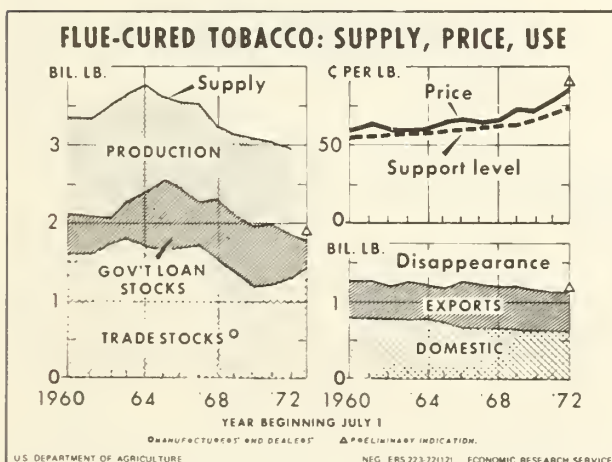
Last season's exports totaled 8 million pounds—down about 4 million from the previous year. The dock strike in 1971 depressed exports. Switzerland's takings declined almost 3 million pounds but still accounted for 55 percent of the exports. U.S. exports of other tobaccos to Switzerland also fell in this period.

Table 9.--Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-72

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Stocks, following January 1 --			Total supply
				Manufacturers and other	Under loan	Total	
	Thousand acres	Pounds		Million pounds			
1967	31.5	1,030	32.4	68.2	18.1	86.3	118.7
1968	30.0	1,065	32.0	74.5	7.0	81.5	113.5
1969	28.0	1,000	28.0	66.7	0	66.7	94.7
1970	27.0	1,090	29.4	50.1	0	50.1	79.5
1971	27.0	1,040	28.1	46.0	0	46.0	74.1
1972 <u>1/</u>	26.0	950	24.7	*47.0	0	*47.0	71.7
	Disappearance <u>2/</u>		Average	Price	Placed under Government loan		
	Total	Domestic	price	support	Quantity	Percentage	
		Exports	per pound	level		of	
						crop	
	Million pounds		Cents		Million pounds	Percent	
1967	36.0	20.3	15.7	62.4	No price support		
1968	48.7	38.3	10.4	69.8	No price support		
1969	41.3	29.1	12.2	75.1	No price support		
1970	39.5	27.6	11.9	78.6	No price support		
1971	25.5	17.5	8.0	<u>3/</u> 81.8	No price support		
1972					No price support		

^{1/} Subject to revision. ^{2/} Year beginning October 1. ^{3/} Auction market average. * Estimated.



Supplies to Decline

Carryover on January 1, 1973, is estimated slightly above the 46 million pounds of a year earlier. The 1972 Maryland crop is estimated at 25 million pounds, about 12 percent below the previous season's sales. Acreage allotments were not in effect, since growers disapproved a marketing quota for the 1972 crop. Compared with 1971, the current crop was produced on fewer acres and the yield declined.

Estimated supply, current crop plus estimated carryover, for 1972/73 is about 3 percent below a year earlier. Auction sales of the 1972 Maryland tobacco crop will begin April 10, 1973, and end June 15. Although it accounts for a small and declining share, the hogshead market operates year-around.

FIRE-CURED

Auction Prices Jump

Auction markets for Virginia fire-cured (type 21) opened December 5. For sales through December 14, prices averaged 63 cents a pound, 10 cents above last year's level. Quality improved from last year's crop. Markets close for the holidays December 21 and reopen January 9. Auctions for Kentucky-Tennessee fire-cured (types 22 and 23) are expected to open around the middle of January.

The 1972 fire-cured crop, an estimated 46 million pounds, is 5 percent above 1971, and is about 10 percent above last marketing year's use. Gains have been in Kentucky-Tennessee types. The overall support level for the 1972 crop is 50.8 cents a pound. In the Virginia fire-cured markets before Christmas, government loan placements were negligible.

Supplies Larger

With a larger crop and increased carryover, the 1972/73 supply of fire-cured types totals 110 million pounds—up 4 percent from a year earlier. Based on prospective use, this supply would last 2.4 years. On October 1, the beginning of the marketing year, government loan stocks were 4.1 million pounds below a year earlier, and the lowest on record. Total carryover next October will probably increase slightly. The supply of Virginia fire-cured is 9 percent below last year but the Kentucky-Tennessee supply is up 5 percent (table 10).

Disappearance Reduced

Disappearance of fire-cured types in 1971/72 was 41 million pounds—about 15 percent below the previous season. Domestic use gained but not enough to offset the decline in exports depressed by the dock strike. Snuff output steadied but plug and twist chewing tobacco dropped 6 percent. Domestic use of Kentucky-Tennessee types increased about 3 million pounds after the previous season's sharp decline. Last

season's type 22-33 prices were record high. Domestic use of Virginia fire-cured increased sharply for the second straight year.

Last season's exports of fire-cured tobacco, including an allowance for Black Fat, declined 10.8 million pounds. For Black Fat, a semiprocessed product, demand stayed about the same. Exports of Kentucky-Tennessee types to the Netherlands declined. In that country, our major fire-cured destination, cigar and smoking tobacco consumption almost equals cigarette usage. Among other leading outlets, France, Sweden, and Switzerland took a little more.

Exports of Virginia fire-cured declined 1 million pounds in 1971/72. About six-tenths of the total goes to Norway where it is made into shag tobacco for roll-your-own cigarettes and smoking tobacco. By hand rolling their cigarettes, Norwegians can save about half the \$1 per pack cost of heavily taxed factory-made cigarettes.

DARK AIR-CURED

Prices and Price Support

Auction markets for One Sucker and Green River (Kentucky-Tennessee dark air-cured, types 35-36) opened December 1. Auctions for Virginia sun-cured (type 37) opened December 5. The overall price support level for the 1972 crop is 45.2 cents a pound. Farmers received more for types 35 and 37 than last season, but less for type 36. Quality of offerings was up for types 35 and 37.

The dark air-cured crop, an estimated 17 million pounds, was 1 percent below 1971's level and 4 million below last season's disappearance. Acreage was up for Green River but down for One Sucker and Virginia type 37.

Dark air-cured tobacco auction markets:
Average prices and loan receipts through
December 1972, comparable 1971 period

Year and type	Price per lb.	Loan receipts
	Cents	Percent of sales
1972		
35	51.3	6.0
36	47.2	11.6
37	58.1	---
1971		
35	47.7	7.8
36	47.1	3.8
37	53.3	---

Supplies Below Year Ago

The 1972/73 supply of dark air-cured and sun-cured tobacco, about 66 million pounds, is 6 percent below

Table 10.--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-72

(Farm-sales weight)								
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1 --				Total supply
				Manufacturers and other	Under loan	Total		
	Thousand acres	Pounds		----- Million pounds -----				
Kentucky-Tennessee fire-cured, types 22-23								
1967	17.3	1,702	29.5	64.0	27.3	91.3		120.8
1968	17.9	1,822	32.6	57.3	21.5	78.8		111.4
1969	19.0	1,797	34.1	61.1	11.6	72.7		106.8
1970	17.7	1,749	30.9	54.1	9.7	63.8		94.7
1971	19.5	1,928	37.6	48.6	4.7	53.3		90.9
1972 1/	21.0	1,921	40.2	55.0	1.2	56.2		96.4
Virginia fire-cured, type 21								
1967	5.4	1,290	7.0	12.1	2.7	14.8		21.8
1968	4.9	1,205	5.9	8.9	2.8	11.7		17.6
1969	5.0	1,340	6.7	8.0	1.9	9.9		16.6
1970	5.0	1,230	6.2	8.4	1.4	9.8		16.0
1971	5.0	1,180	5.9	8.0	1.0	9.0		14.9
1972 1/	4.6	1,150	5.3	7.9	.4	8.3		13.6
Disappearance				Average price	Price support	Placed under Government loan		
Total	Domestic	Exports	per pound		level	Quantity	Percentage of crop	
Million pounds				Cents		Million pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23								
1967	42.0	14.9	27.1	46.2	41.9	.8		2.7
1968	38.7	2/19.1	19.6	51.1	43.1	.4		1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9		5.6
1970	41.4	13.1	28.3	54.4	56.6	3/		.1
1971	34.7	16.0	18.7	60.8	48.5	3/		.1
1972				50.8				
Virginia fire-cured, type 21								
1967	10.1	3.4	6.7	40.9	41.9	.7		10.1
1968	7.7	3.0	4.7	46.9	43.1	.2		3.4
1969	6.8	1.7	5.1	53.1	44.6	.1		1.5
1970	7.0	2.4	4.6	52.0	46.6	.1		2.0
1971	6.6	3.1	3.5	54.8	48.5	.1		1.0
1972					50.8	4/		4/

1/ Subject to revision. 2/ Includes 4.7 million pounds fire loss, April 1969. 3/ Less than 50,000 pounds. 4/ Through December 15, about 0.1 percent of marketings were placed under loan.

Table 11.--Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-72

(Farm-sales weight)								
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply	
				Manufacturers and other	Under loan	Total		
	Thousand acres	Pounds		----- Million pounds -----				
	Dark air-cured, types 35-36							
1967	9.5	1,629	15.5	39.2	21.3	60.5	76.0	
1968	9.8	1,831	18.0	41.1	17.1	58.2	76.2	
1969	10.1	1,793	18.1	44.1	15.0	59.1	77.2	
1970	8.2	1,863	15.4	35.5	18.2	53.7	69.1	
1971	8.6	1,834	15.7	35.5	14.3	49.8	65.5	
1972 1/	8.3	1,889	15.7	33.5	12.7	46.2	61.9	
	Sun-cured, type 37							
1967	1.2	1,090	1.3	4.2	0	4.2	5.5	
1968	1.1	1,095	1.2	3.9	0	3.9	5.1	
1969	1.1	1,225	1.3	3.8	0	3.8	5.1	
1970	1.0	1,100	1.1	3.3	0	3.3	4.4	
1971	.9	1,200	1.1	3.1	0	3.1	4.2	
1972 1/	.8	1,150	1.0	3.0	0	3.0	4.0	
	Disappearance			Average	Price	Placed under Government loan		
	Total	Domestic	Exports	price per pound	support level	Quantity	Percentage of crop	
	---- Million pounds ----			Cents		Million pounds	Percent	
	Dark air-cured, types 35-36							
1967	17.8	14.8	3.0	40.8	37.3	1.4	9.0	
1968	17.1	15.0	2.1	47.4	38.3	.7	3.9	
1969	23.5	21.2	2.3	40.3	39.7	4.8	26.5	
1970	19.3	16.7	2.6	46.0	41.4	1.0	6.8	
1971	19.3	17.4	1.9	47.1	43.1	1.7	10.7	
1972					45.2	2/	2/	
	Sun-cured, type 37							
1967	1.6	1.2	.4	45.2	37.3	3/25	1.9	
1968	1.3	1.1	.2	53.2	38.3	3/1	.1	
1969	1.8	1.5	.3	52.8	39.7	3/1	.1	
1970	1.3	1.1	.2	53.8	41.4	3/3	.3	
1971	1.2	1.0	.2	54.1	43.1	0	---	
1972					45.2	2/	2/	

^{1/} Subject to revision. ^{2/} Through mid-December, about 8 percent of marketings were placed under loan, for types 35-36; none for type 37. ^{3/} Quantity placed under loan reported in thousand pounds.

last season. Both new crop and carryover are below last year. The supply decline occurs in all 3 types (table 11).

Total supplies of dark air-cured tobacco represent about 3.2 years of use, based on projected disappearance. Government loan stocks on October 1—outset of the current marketing year—were 1.6 million pounds below year-earlier holdings. Carryover will decline if disappearance remains about unchanged, as expected.

Disappearance Unchanged

Disappearance of dark air-cured tobacco last season was 21 million pounds, about the same as the previous season. Domestic use gained but exports declined. Combined output of plug, twist, and fine-cut chewing tobacco fell 6 percent.

Exports of the dark types last season (including Black Fat) declined sharply due to a decline in Green River and One Sucker leaf. Black Fat exports increased slightly.

CIGAR TOBACCO

U.S. and Puerto Rican Supplies Lower

Supplies of U.S. and Puerto Rican cigar tobacco are about 16 percent lower than in 1971, continuing the trend of the past 2 decades (table 12). Carryover was down and 1972/73 production is lower. Most of the decline is occurring in cigar filler types, but wrapper supplies have fallen also. Last season, disappearance of filler and binder was above 1970/71. Wrapper disappearance stabilized near the previous season's 18-year low. On November 30, government loan stocks of cigar tobacco were below 1971's total.

Production of U.S. cigar types was estimated about 6 percent below 1971. While acreage was maintained, yields declined due to unfavorable weather. U.S. cigar leaf tobacco is sold either directly on the farms or through cooperatives. Therefore, price data are not as detailed as for types sold at auctions. Buyers paid more per pound for Ohio filler and Connecticut binder crops than last season but purchasing has not begun for other types. Season average prices will be published in the May 1973 issue of USDA's crop report.

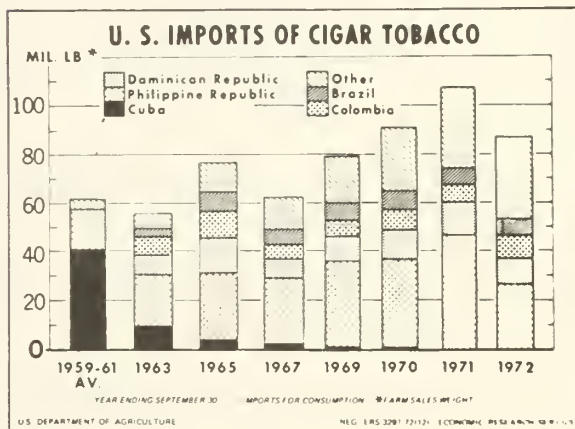
Filler Supplies Falling

With smaller carryover and production, the supply of continental cigar filler (U.S. and Puerto Rican) is 16 percent below last year and the smallest on record. These supplies would last about 2.5 years based on 1971/72 disappearance. Disappearance in the 1972/73 marketing year is expected to continue down but probably will again exceed production. The Pennsylvania filler crop was hard hit with flooding in June and dry weather in August. So both acreage and yield are reduced from last year.

Declining acreage is likely to persist as long as prices are low relative to costs. Much cigar filler tobacco is grown near urbanized areas and many growers have turned to alternative employment.

Imports Supplementing Lower U.S. Supplies

Again last season, cigar tobacco imports substantially exceeded use from domestic filler supplies. Imports accounted for about six-tenths of U.S. cigar tobacco requirements. With domestic supplies declining further in 1972/73, manufacturers will again draw heavily on foreign leaf.



With less cigar production, manufacturers reduced imports in 1971/72 (October-September). Last season 92 million pounds of cigar tobacco were imported for consumption, 16 million below the previous season. Imports from the Philippines decreased by 18 million pounds. But imports from most other suppliers increased.

Foreign-grown cigar leaf stocks in the United States on October 1 were 92 million pounds—about 10 million below a year earlier.

Binder Supplies Larger

The season's binder tobacco supplies are 5 percent above 1971/72 due to larger carryover and larger crop. Yields were down but acreage was up. At the end of this season about the same carryover is likely. The quality of the Wisconsin crop may have declined because of unfavorable weather. Leaf loss in the field was high and weather conditions were unfavorable for curing.

Cigar binder disappearance last season was 23 million pounds, about 4 million above a year earlier. Disappearance increased for Wisconsin types but for Connecticut Valley binder decreased.

Loose leaf chewing tobacco output, the principal outlet for Wisconsin binder, gained almost 3 million pounds. Loose leaf manufacturers continue to use other

Table 12.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-72

Crop year	Acreage harvested	Yield per acre	(Farm-sales weight)						Average price per pound to growers
			Supply		Total supply	Disappearance		Exports	
			Production	Beginning stocks 1/		Total	Domestic		
	Thous. acres	Pounds	Million pounds						Cents
Pennsylvania Seedleaf Filler (type 41)									
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	0.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,825	36.5	105.1	141.6	44.3	43.7	.6	30.0
1970	18.0	1,775	32.0	97.3	129.3	42.3	42.1	.2	31.0
1971	17.0	1,600	27.2	87.0	114.2	44.0	43.6	.4	36.0
1972 2/	16.5	1,400	23.1	70.2	93.3				
Ohio, Miami Valley Filler (types 42-44)									
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	1.9	1,750	3.3	7.8	11.1	4.1	4.1	---	41.0
1972 2/	1.9	1,650	3.1	7.0	10.1				
Puerto Rico Filler (type 46) 3/									
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	4/33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	4/33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	4/36.1
1971	4.8	1,400	6.7	15.0	21.7	9.0	9.0	---	4/39.8
1972 2/	3/5.9	3/1,350	3/8.0	12.7	20.7				
Total Cigar Filler (types 41-46)									
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.5
1969	26.4	1,721	45.4	141.8	187.2	61.6	61.0	.6	30.6
1970	22.8	1,722	39.4	125.6	165.0	55.2	55.0	.2	32.1
1971	23.7	1,572	37.2	109.8	147.0	57.1	56.7	.4	37.1
1972 2/	24.3	1,409	34.2	89.9	124.1				
Connecticut Valley Binder (types 51-52)									
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,848	3.0	7.2	10.2	2.8	2.7	.1	65.5
1972 2/	1.6	1,640	2.6	7.4	10.0				
Southern Wisconsin Binder (type 54)									
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	40.2
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	50.3
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972 2/	5.4	2,150	11.6	20.3	31.9				
Northern Wisconsin Binder (type 55)									
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972 2/	6.1	2,000	12.2	19.0	31.2				

See footnotes at end of table.

Continued --

Table 12.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-72--Cont.

Crop year	(Farm-sales weight)								
	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pounds to growers
			Production	Beginning stocks ^{1/}	Total supply	Total	Domestic	Exports	
	Thous. acres	Pounds			Million pounds				Cents
Total Wisconsin Binder (types 54-55)									
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	0.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972 ^{2/}	11.5	2,070	23.8	39.3	63.1				
Total Cigar Binder (types 51-55)									
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,716	15.4	49.2	64.6	22.3	21.7	.6	44.3
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,089	25.5	44.4	69.9	23.2	23.1	.1	56.1
1972 ^{2/}	13.1	2,019	26.4	46.7	73.1				
Connecticut Valley Shade-grown (type 61)									
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	400.0
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.8	2.6	400.0
1972 ^{2/}	4.2	1,300	5.5	13.2	18.7				
Georgia-Florida Shade-grown (type 62)									
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972 ^{2/}	3.0	1,532	4.6	6.6	11.2				
Total Shade-grown (types 61-62)									
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	375.7
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	341.3
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	350.9
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.2	3.4	348.0
1972 ^{2/}	7.2	1,396	10.1	19.8	29.9				
Grand Total Cigar Tobacco (types 41-62)									
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.7	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	42.9	1,762	75.6	189.3	264.9	88.7	86.2	2.5	101.0
1971	43.6	1,724	75.1	176.2	251.3	94.9	91.0	3.9	94.8
1972 ^{2/}	44.6	1,585	70.7	156.4	227.1				

^{1/} October 1 for types 41-55; July 1 for types 61-62.^{2/} Subject to revision.^{3/} Puerto Rican planting occurs late in calendar year; projected for 1972-production quota of 22½ million pounds.^{4/} Excludes payment by Puerto Rican Government; 17 cents per pound in 1971.

* Less than 50,000 pounds.

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1969-72

(Farm-salesweight)

Country of origin	Imports for consumption				Dealers and manufacturers stocks			
	Year ending September 30—				October 1—			
	1969	1970	1971	1972	1969	1970	1971	1972
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Philippines	35.3	36.6	46.7	29.1	40.2	38.9	39.9	37.7
Dominican Republic	10.1	12.5	13.3	11.4	10.0	9.5	10.8	10.4
Brazil	6.9	7.6	6.5	8.3	8.0	9.2	9.5	7.2
Colombia	6.9	8.1	7.4	10.0	11.2	10.1	8.2	10.6
Paraguay	2.4	5.6	2.8	4.5	8.1	8.9	6.7	4.3
Mexico	3.8	3.4	5.0	6.7	4.4	5.9	6.3	6.7
Indonesia	2.8	2.6	4.2	2.5	3.0	3.4	4.2	4.6
All others	10.5	14.2	21.7	19.2	11.1	13.2	12.7	13.6
Total	78.7	90.6	107.6	91.7	96.1	99.1	98.3	95.2

Detail may not add to total due to rounding.

kinds of leaf to supplement Wisconsin leaf. At current low levels of use, Connecticut tobacco goes primarily for natural binder in higher-priced cigars.

Wrapper Supplies Decline

Cigar wrapper tobacco supplies for 1972/73 are about 15 percent below last year. The crop was smaller for the fourth straight year, due to an acreage reduction in both the Connecticut Valley and the Georgia-Florida area. Total carryover was down about 10 percent from

last year. If disappearance steadies, carryover next July 1 will drop a fourth below last July's 20 million pounds.

By shifting to homogenized wrapper, manufacturers utilize the entire leaf, thus reducing their overall wrapper leaf requirements. During July-October 1972, exports of both Connecticut Valley and Georgia-Florida types were below the levels of a year earlier. United Kingdom manufacturers again took a sizable quantity of Connecticut Valley wrapper this season to supply their growing cigar market.

INTERNATIONAL DEVELOPMENTS

World Tobacco Harvest Up Slightly²

World production of tobacco in 1972 of 10.0 billion pounds is up 1 percent from 1971, but remains 3 percent below the 1967 record. Production increased in nearly all geographic areas with the largest increases in Eastern Europe, North America, Asia and Africa. Acreage harvested was also higher in these areas.

Flue-cured production was slightly above last year. Production gains occurred in India, Rhodesia, South Korea, Malawi, and Mainland China. The United States, Canada, Brazil, Japan, and the Philippines registered declines. Output in Thailand and Taiwan remained about unchanged. In most other areas, production also remained about the same as the year before, but continued substantially above the 1960-64 average, in response to the U.N. sanctions on Rhodesian trade and the increasing foreign demand for cigarette tobacco (table 14).

²Data summarized from "World Production of Tobacco", Foreign Agriculture Circular FT6-72, December 1972, available from Foreign Agricultural Service, Room 5918, USDA, Washington, D. C. 20250.

In Rhodesia, the 1972 flue-cured harvest is estimated above the earlier production goal of 132 million pounds. Due to speculation about a U.K.-Rhodesian political settlement prior to planting of the 1972 crop, some growers increased output.

Production in Canada declined about a tenth this season despite some increased acreage. Much of the crop was reset following frost damage in early June. So yields are down nearly one-fifth from the record high of last year. In Ontario, the major production area, auctions began November 6 on a higher price level. Prices for the first month's sales averaged 75 cents per pound compared with 64 cents a year earlier. Lower production and stocks contributed to the stronger market. Canadian manufacturers are contributing to an export payment fund.

Burley production in 1972 was up 20 percent from 1971 with the U.S. gain. The world outturn was about 11 percent above 1963's previous high. Foreign production gains were recorded for 1972 in Mexico, Argentina, Japan, Malawi, and South Korea. Those countries, along with Greece, have been increasing acreage and offering sizable portions of their crop for

Table 13.--Tobacco: Acreage, yield, production, stocks, supply, disappearance, price and crop value, United States and Puerto Rico, 1947-72

(Farm-sales weight)										
Crop year	Acreage	Yield per acre	Production	Stocks 1/	Supply	Disappearance 1/			Average price per pound to growers	Crop value
						Total	Domestic	Exports		
	1,000 acres	Pounds			Million pounds				Cents	Million dollars
United States										
Average:										
1947-49	1,676	1,208	2,019	2,947	4,965	1,908	1,417	491	45.9	926
1950-54	1,690	1,292	2,184	3,382	5,566	2,006	1,479	527	51.2	1,118
1955-59	1,242	1,541	1,914	4,095	6,009	1,951	1,397	554	56.0	1,072
1960	1,142	1,703	1,944	3,789	5,733	2,029	1,462	567	60.9	1,184
1961	1,174	1,755	2,061	3,704	5,765	2,051	1,461	590	63.8	1,315
1962	1,224	1,891	2,315	3,714	6,029	2,004	1,474	530	58.9	1,364
1963	1,176	1,994	2,344	4,025	6,369	2,046	1,437	609	57.7	1,352
1964	1,078	2,067	2,228	4,323	6,551	2,055	1,506	549	59.2	1,319
1965	977	1,898	1,855	4,496	6,351	2,000	1,462	538	65.1	1,207
1966	974	1,937	1,887	4,351	6,238	2,098	1,394	704	66.4	1,253
1967	960	2,050	1,968	4,140	6,108	2,020	1,372	648	66.8	1,316
1968	880	1,943	1,710	2/4,088	5,798	1,975	1,352	623	69.5	1,189
1969	920	1,961	1,804	3,823	5,627	1,949	1,309	640	71.8	1,296
1970	899	2,121	1,908	3,678	5,586	1,919	1,280	639	72.8	1,390
1971	839	2,034	1,707	2/3,667	5,374	1,886	1,315	571	78.5	1,342
1972 3/	847	2,056	1,741	2/3,488	5,229				*82.5	*1,436
United States and Puerto Rico										
Average:										
1947-49	1,710	1,200	2,045	3,012	5,057	1,942	1,447	495	45.6	932
1950-54	1,728	1,282	2,215	3,430	5,645	2,036	1,508	527	50.9	1,127
1955-59	1,270	1,528	1,941	4,147	6,088	1,981	1,426	555	55.6	1,080
1960	1,170	1,685	1,972	3,833	5,805	2,058	1,491	567	60.5	1,193
1961	1,201	1,741	2,092	3,747	5,839	2,083	1,493	590	63.4	1,326
1962	1,253	1,876	2,350	3,756	6,106	2,032	1,502	530	58.6	1,378
1963	1,206	1,970	2,376	4,074	6,450	2,076	1,467	609	57.5	1,365
1964	1,109	2,044	2,266	4,374	6,640	2,081	1,532	549	58.8	1,333
1965	994	1,882	1,871	4,559	6,430	2,027	1,489	538	64.8	1,212
1966	983	1,932	1,899	4,403	6,302	2,121	1,417	704	66.2	1,257
1967	967	2,045	1,979	4,181	6,160	2,037	1,389	648	66.7	1,319
1968	886	1,939	1,718	2/4,123	5,841	1,992	1,369	623	69.3	1,191
1969	925	1,958	1,810	3,849	5,659	1,961	1,321	640	71.7	1,298
1970	903	2,119	1,912	3,698	5,610	1,928	1,289	639	72.8	1,391
1971	844	2,031	1,714	2/3,682	5,396	1,895	1,324	571	78.5	1,345
1972 3/	853	2,052	1,749	2/3,501	5,250				*82.3	*1,439

1/ For flue-cured and cigar wrapper, year beginning July 1; for all other types, October 1. 2/ Includes flue-cured carried over on farms; 1968, 13 million pounds; 1971, 16 million pounds; 1972, 17 million pounds. 3/ Preliminary. * Estimated.

Table 14.—Flue-cured and Oriental tobacco production in specified countries, average 1960-64, 1971-72

Country	Average 1960-64	1971 ¹	1972 ²	Country	Average 1960-64	1971 ¹	1972 ²
	Million pounds	Million pounds	Million pounds		Million pounds	Million pounds	Million pounds
Flue-cured:				Flue-cured—			
Canada	184	217	188	continued:			
Mexico	6	19	14	Cambodia	3	6	5
Brazil	119	194	171	South Korea	56	106	151
Angola	1	7	7	Pakistan	23	78	⁴ 20
Mozambique	3	8	6	Philippines	72	66	56
Zambia	17	13	12	Thailand	23	50	52
Malawi	3	14	20	South Vietnam	4	6	6
Rhodesia	225	³ 132	³ 146	Total	1,245	1,441	1,455
Tanzania	3	19	18				
Uganda	2	6	7	Oriental:			
South Africa	28	41	36	Greece	216	155	161
Iran	1	10	10	Bulgaria	198	251	³ 251
Taiwan	38	37	35	Yugoslavia	76	78	100
Ceylon	4	11	11	Turkey	277	369	385
India	184	166	276	Total	767	853	897
Indonesia	42	31	27				
Japan	204	204	181				

¹ Subject to revision. ² Preliminary. ³ Estimated. ⁴ West Pakistan only.

Compiled from reports of Foreign Agricultural Service.

export. But Greek production was down this year because of problems in marketing the 1971 crop.

Oriental leaf production declined 2 percent in 1972, but still remains at a very high level in relation to domestic requirements and potential exports. In Greece, government policy has encouraged production shifts from oriental tobacco to burley types. Production in Pakistan was down but the data are not comparable with previous year's because of the independence of Bangladesh.

Enlargement Means Shift in New EC Member States³

On January 1, 1973, the United Kingdom, Ireland, and Denmark will join the present Six—Germany, France, Italy, the Netherlands, Belgium, and Luxembourg—in an enlarged European Community.

The enlarged EC will be the largest single area market for tobacco next to the United States. Annual leaf consumption totals nearly 1,300 million pounds. The United States now supplies about one-third of EC requirements and about one-third comes from EC domestic sources or from countries with duty-free or preferential duty access. Other major suppliers include Brazil, India, South Africa, Argentina, and Bulgaria.

Upon joining the new members will begin to apply provisions of the EC's Common Agricultural Policy (CAP) for tobacco. This Policy has a number of provisions which if rigidly enforced can adversely affect our tobacco exports to the EC. These provisions include: (1) High price supports for tobacco without

effective production controls; (2) lucrative premiums or rebates for buyers of EC produced leaf; (3) a tariff which discriminates against high quality, high priced imported leaf; (4) duty-free status for associated states and preferences areas; (5) provisions for export subsidies of EC produced leaf; (6) harmonizing various excise tax formulas and rates; and (7) continuation of tobacco monopolies in France and Italy.

Flue-cured and Oriental tobacco exports, major foreign exporters, 1970-72

Country and type	Period	1970	1971	1972
		Million pounds	Million pounds	Million pounds
Flue cured				
India	Jan.-Sept.	96	106	125
Canada	Jan.-Aug.	35	44	42
Oriental				
Greece	Jan.-Aug.	73	64	95
Turkey	Jan.-Aug.	101	123	172

The new EC members do not grow tobacco, but can benefit from the buyer's premium on purchases of EC tobacco. New members must adopt the EC tariff (CXT). Under the CXT, most higher price U.S. leaf goes into the EC valued at more than \$1.38 per pound and therefore a maximum duty of 34.5 cents per pound applies. This compares with a duty as low as 13.8 cents for tobacco imports valued at less than \$1.38 per pound.

Presently the EC is in the first stage of excise tax harmonization which will blend specific and ad valorem components. Denmark already follows this pattern, but in the United Kingdom and Ireland the adverse price

³ "Enlargement Could Shift Consumption of Tobacco in New EC Member States", *Foreign Agriculture*, October 2, 1972, pp. 12-15.

effect of a predominately ad valorem excise tax would be sizable. These 2 countries presently levy specific fiscal charges on raw leaf. The planned EC-wide harmonization of cigarette taxes could give tobacco products made from low-cost tobaccos an increased price advantage over those containing a significant percentage of higher price U.S. leaf.

U.S. Supports New Trade Talks

At last month's meeting of member nations of the General Agreement on Tariffs and Trade (GATT) the U.S. Special Representative for Trade Negotiations

proposed a timetable for next year's major trade negotiations and urged definitely scheduled high level preparation for a new round of broad trade negotiations. The last GATT trade negotiations, The Kennedy Round, ended in 1967.

For the United States to make concessions affecting tariffs and other import barriers, in exchange for eliminating foreign barriers to U.S. exports, Congress will have to approve authorizing legislation. In the decade since the last U.S. trade legislation, the U.S. has shifted to a trade deficit position. Total imports rose from \$16½ billion in 1962 to an estimated \$54 billion for 1972. Finished products now comprise 60 percent of imports.

Table 15.—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1970-72

Item	January-September			Item	January-September		
	1970	1971	1972		1970	1971	1972
<i>Million pounds</i>				<i>Million pounds</i>			
Imports, by source:				Gross clearance:			
United States	63	61	61	Full duty rate ¹	126	112	108
Commonwealth	85	102	106	Commonwealth			
Other	39	36	33	rate ²	101	103	117
Total	187	199	200	Total	227	215	225
Exports:				Flue-cured:			
Manufactured				United States	101	89	83
products	38	39	43	Canada	37	37	48
Unmanufactured	4	6	6	India	34	31	32
Stocks, Sept. 30:				Rhodesia	2	(³)	(³)
Flue-cured	346	345	317	Zambia and Malawi	8	9	11
Other	54	56	58	Other	20	21	26
Total	400	401	374	Total	202	188	200
				Net clearances:	173	163	170

¹ Equivalent to \$13.13 per pound. ² Equivalent to \$12.93 per pound.

Compiled from Official United Kingdom sources. ³ Negligible.

OUTLOOK CONFERENCE SCHEDULED FOR FEB. 20-22, 1973

The 1973 National Agricultural Outlook Conference has been set for Feb. 20 through 22, at the U.S. Department of Agriculture in Washington, D.C.

Central theme of the Conference will be "The Future Structure of Agricultural Production and Marketing." Such topics as the long-range expansion of demand for agricultural products, input requirements of the food industry, significant trends in organization and control of the food and fiber sector of the economy, impact of environmental developments on agricultural production and marketing, and future

developments in the export market will be explored in depth.

The 1973 outlook for U.S. agriculture and the general economy will receive particular attention at the Conference. Sessions on the 1973 outlook for major commodities and rural family living will make up an important part of the Conference as usual. The Conference, sponsored by USDA's Economic Research Service and Extension Service, will feature presentations and panel discussions by leading authorities in agriculture and business.

OUTLOOK 73



STATISTICAL SUMMARY

Item	Unit or base period	1971		1972			Last data as percentage of a year earlier
		Oct.	Nov.	Sept.	Oct.	Nov.	
Average price at auctions							
Flue-cured	Ct. per lb.	77.8	75.5	87.4	82.8	73.1	97
Burley	Ct. per lb.	Closed	78.8	Closed		79.4	101
Maryland	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Virginia fire-cured	Ct. per lb.	Closed	54.3	C - 1 - o - s - e - d			---
Ky.-Tenn. fire-cured	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Ky.-Tenn. dark air-cured	Ct. per lb.	C - 1 - o - s - e - d		C - 1 - o - s - e - d			---
Virginia sun-cured	Ct. per lb.	Closed	41.1	C - 1 - o - s - e - d			---
Support price 1/							
Flue-cured	Ct. per lb.		69.4		72.7		105
Burley	Ct. per lb.		71.5		74.9		105
Maryland	Ct. per lb.	No support		No support			---
Virginia fire-cured	Ct. per lb.		48.5		50.8		105
Ky.-Tenn. fire-cured	Ct. per lb.		48.5		50.8		105
Ky.-Tenn. dark air-cured	Ct. per lb.		43.1		45.2		105
Virginia sun-cured	Ct. per lb.		43.1		45.2		105
Connecticut Valley							
cigar binder	Ct. per lb.		49.5		51.9		105
Wis. binder and Ohio filler	Ct. per lb.		35.8		37.5		105
Puerto Rican filler	Ct. per lb.		37.1		38.9		105
Parity index 2/	1967=100	121	122	128	129	130	107
Industrial production index 3/	1967=100	107	107	116	117	118	110
Employment	Mil.	80.1	80.2	82.0	82.7	82.7	103
Personal income 4/	Bil. dol.	874.8	879.4	946.8	962.0	**967.3	110

See footnotes at end of table.

Continued -

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1971		1972			Last data as percentage of a year earlier
		Sept.	# Oct.	Aug.	Sept.	Oct.	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	70.1	3.2	40.5	45.4	49.8	#
Burley	Mil. lb.	7.3	*	5.0	5.4	5.7	#
Maryland	Mil. lb.	2.4	*	.1	1.4	2.3	#
Virginia fire- & sun-cured	Mil. lb.	1.0	0	.8	.3	.3	#
Ky.-Tenn. fire-cured	Mil. lb.	5.5	*	1.6	1.1	1.8	#
Ky.-Tenn. dark air-cured	Mil. lb.	.1	*	*	.1	.1	#
Black Fat	Mil. lb.	.4	0	.1	.2	.3	#
Cigar wrapper	Mil. lb.	.5	.1	.3	.5	.3	#
Connecticut binder	Mil. lb.	*	*	*	*	*	#
Wisconsin binder	Mil. lb.	0	0	0	0	0	#
Accumulated from beginning of marketing year 8/							
Flue-cured	Mil. lb.	134.5	137.7	75.7	121.1	170.9	124
Burley	Mil. lb.	54.4		49.3	54.7		101
Maryland	Mil. lb.	11.9		6.6	8.0		67
Virginia fire- & sun-cured	Mil. lb.	4.9		3.4	3.7		76
Ky.-Tenn. fire-cured	Mil. lb.	27.0		16.1	17.3		64
Ky.-Tenn. dark air-cured	Mil. lb.	1.2		.4	.5		42
Black Fat	Mil. lb.	2.6		2.7	2.9		112
Cigar wrapper	Mil. lb.	1.4	1.4	.4	.8	1.1	79
Connecticut binder	Mil. lb.	.3		.1	.1		33
Wisconsin binder	Mil. lb.	.1		*	*		---
Cigar filler	Mil. lb.	.2		.4	.4		200
Exports of manufactured tobacco							
in bulk	Mil. lb.	5.5	.5	2.0	1.2	.9	180
Accumulated from Jan. 1	Mil. lb.	29.0	29.5	21.8	23.0	23.9	81
Quarterly data							
1971							
July-Sept. Oct.-Dec.							
1972							
July-Sept. Oct.-Dec.							
Stocks of tobacco--1st of quarter 9/							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	1,976	2,312	1,910	2,340		101
Burley	Mil. lb.	1,488	1,346	1,390	1,248		93
Maryland	Mil. lb.	63	52	61	54		104
Fire-cured	Mil. lb.	78	62	73	64		103
Dark air- and sun-cured	Mil. lb.	58	53	54	49		92
Cigar filler	Mil. lb.	126	110	102	90		82
Cigar binder	Mil. lb.	50	44	52	47		107
Cigar wrapper	Mil. lb.	22	23	20	20		87
Under Government loan 10/	Mil. lb.	1,262	1,264	972	875		69
Tobacco sheet 11/							
Cigarette types	Mil. lb.	30.2	27.1	27.6	24.4		90
Cigar types	Mil. lb.	1.8	1.5	2.3	1.7		113
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	400	367	423	390		106
Cigar	Mil. lb.	102	98	94	95		97
Tobacco outlets 12/							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	581.6	580.8	578.0	620.0		107
Taxable removals	Bil.	507.6	551.6	530.8	565.0		102
Cigar production	Bil.	8.12	7.61	7.04	7.71		101
Smoking production	Mil. lb.	54.7	58.2	55.9	57.6		99
Chewing production							
Loose leaf	Mil. lb.	45.5	41.4	44.6	43.4		105
Plug and other	Mil. lb.	27.2	27.9	27.0	27.3		98
Snuff production	Mil. lb.	25.8	26.7	24.8	26.5		99
Exports of leaf							
Total	Mil. lb.	649.6	#214.3	465.1	605.0		#
Flue-cured	Mil. lb.	516.1	#194.0	548.3	540.0		#

1/1971 and 1972 crop respectively. 2/Prices paid by farmers including interest, taxes and wage rates. 3/Seasonally adjusted. 4/Seasonally adjusted, annual rate. 5/Excise tax excluded. 6/Federal and applicable state and local taxes included. 7/Farm-sales weight equivalent. 8/July 1 for flue-cured and cigar wrapper and October 1 for others. 9/Holdings of manufacturers and dealers including grower cooperatives. 10/Reported by grower cooperatives. 11/Weight of tobacco leaf not including stems added. 12/Data for most recent quarter are preliminary estimates. *Less than 50,000 pounds. #October 1971 exports were small because of dock strike. **Estimated.

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